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UNCLAS SECTION 01 OF 02 SANTO DOMINGO 006580

SIPDIS

SENSITIVE

DEPT FOR WHA/CAR (MCISAAC), WHA/PPC (ROE) DRL/IL (WILSON)
DOL JORGE PEREZ-LOPEZ, DOL CARLOS ROMERO
STATE PASS USTR (CLATANOFF)

E.O. 12958: N/A

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SUBJECT: CAFTA LABOR TEAM VISITS DOMINICAN REPUBLIC

REF: SANTO DOMINGO 4990

1. (U) Summary. On November 5-7 an inter-agency team discussed labor issues with the Dominican Republic in advance of free trade negotiations. In meetings with the Minister of Labor, leaders in Congress, civil society, employer federations and embassies, team leader Assistant USTR Clatanoff stressed issues of freedom of association in free trade zones and trafficking in persons (specifically child prostitution and mistreatment of Haitian migrants). Delegation members said the visit was useful and reassuring. Labor unions and government reps told them a free trade agreement will mutually benefit partners and bolster respect for workers rights. End Summary.

CAFTA LABOR DELEGATION: FIRST VISIT TO DR

2. (U) Assistant USTR for Labor Affairs William "Bud" Clatanoff led a USG inter-agency team to the Dominican Republic November 5-7 to review labor issues in preparation for negotiations on a free trade agreement. Other members were Jorge Perez Lopez, Associate Deputy Under Secretary of Labor; Charlotte Roe, Senior Labor Advisor (WHA/PPC), Arlen Wilson, DRL/IL Deputy Director; and Carlos Romero, DOL economist. In preliminary comments to the Ambassador and embassies, Clatanoff said that the text of the Dominican Labor Code appeared to be acceptable but the team needed to know more about standards of enforcement. The different minimum wage structures in free trade zones and elsewhere in the country were a point of investigation (a concern was alleviated in later meetings -- see para 6).

CONGRESS: GLAD TO BE OF SERVICE

3. (U) House of Representatives Chairman Alfredo Pacheco and Senate President Jesus Vasquez said in separate meetings that they looked forward to close collaboration. Pacheco did caution, however, that the free trade agreement would be finalized before any changes to the existing Labor Code (approved in 1992). He said the country needed more time to fully implement it. As for allegations of worker rights abuses in the free trade zones, Pacheco responded "this is an old problem." He pointed to the success story of the Leon Jimenez company, which in his opinion has paved the way in developing top-notch worker benefit programs.

4. (U) Both congressional leaders commented that a free trade agreement will promote increased respect for workers' rights. Clatanoff stressed that the U.S. Congress is deeply concerned issues of trafficking in persons and child prostitution. Pacheco cited the recent passage of a comprehensive law against trafficking in record time. Both Pacheco and Vasquez spoke highly of Minister of Labor Milton Ray Guevarra, especially regarding the Ministry's efforts to eliminate the worst forms of child labor. Vasquez commented that Ray Guevarra, having been a Senator, can appreciate the approach of the U.S. Congress to evaluating a free trade agreement. Pacheco summed up, saying he was "glad the U.S. Government is so concerned with so points; the average Dominican thinks that the U.S. does not care about them."

MINISTRY OF LABOR: A DEPENDABLE PARTNER

5. (U) Minister of Labor Milton Ray Guevarra, favorably known to majority of the delegation, assembled top advisors to brief the CAFTA labor team. These included his wife (a candidate for the post of Ombudsman), an Assistant Secretary for general matters, the Director General for Labor, the Assistant Secretary in charge of child labor programs, the Director of Inspections, the Director of Mediation and Arbitration, and President Mejia's labor attache. The Minister thanked the USG for its support, especially that of DOL. He said his key objectives were eradicating child labor and social security reform. Ray Guevarra cited the new law against trafficking and the launch of the Time Bound Program as tools to address commercial sexual exploitation of minors (reftel). He emphasized that he and President Mejia strongly believe that a free trade agreement will strengthen and promote workers' rights.

16. (U) The delegation asked about Labor Code enforcement. Minister Ray Guevarra informed the delegation that, like the Central American countries, the GODR had asked the ILO to study its labor laws and practices. He said the labor code applies to all workers, Dominican citizens and foreign nationals -- including illegal or undocumented residents. The ministry thoroughly investigates any complaint. (Note: Trade union leaders and NGO activists confirmed this in separate meetings, but also pointed out that most Haitian migrant workers do not make complaints because they fear deportation. End Note). The minister acknowledged that abuse of foreign workers does occur, but this could not be attributed to a flawed labor code.

17. (U) Ray Guevarra noted that 92% of cases that reach labor courts are decided in favor of workers. As for minimum wages scales, these are determined by sector, profession and locale, since the cost of living varies significantly among the 31 provinces. To address current inflation -- approaching 35 percent annually -- the National Committee for Salaries has approved an across the board 25% increase in minimum wages to be fully implemented by all companies by January 2004.

18. (U) The Director General for Labor said the Ministry of Labor has been investigating allegations of abuses in the free trade zones, particularly in a case involving a Grupo M plant in Santiago. The Ministry works closely with the National Council of Free Trade Zones on such allegations. In two instances, company export licenses were suspended as punishment. The Ministry pays for the services of more than 50 defense lawyers for a major trade union, FENATRAZONAS (National Federation of Workers in Free Trade Zones). There are 3,564 registered unions in the Dominican Republic, 160 of them in free trade zones. The DG noted that a collective bargaining agreement was signed in October in a free trade zone in Bona0 (Note: Details to follow in Human Rights Report. End Note).

BUSINESS COMMUNITY: SLIGHTLY ON THE DEFENSIVE

19. (U) Jeannette Dominguez Aristy, President of the National Council of Free Trade Zones, appeared defensive in answering questions about freedom of association in the zones. She called the labor code "very strong." Dominguez finds its extremely biased in favor of workers, many of whom are "misguided" by financial self-interest when they join unions or bring complaints against employers. Regarding the Grupo M plant in Santiago, Ms. Dominguez defended the firm as "leading the movement to recognize workers rights in free trade zones." She said that unions in Central American countries are worse off than those in the Dominican Republic. In her 15 years of experience with free trade zones, Dominguez said, she has seen many positive changes, particularly because workers are engaged and not left out of the process.

COMMENT

10. (SBU) The CAFTA labor team said the visit was useful. Their highest marks go to the Ministry of Labor for several reasons: the request for an ILO study, the agreement of all sectors that the Ministry does pursue complaints, and the fact that the Mejia administration kept on board experienced Ministry officials from the previous administration. Trade unionists came across as credible activists with a permanent presence in the labor process. Clatanoff commented that "the rule of labor law is respected and functioning." Also to note was the agreement across sectors about the prospective benefits of a free trade agreement. Issues remain to be explored, including particularly those of undocumented Haitian workers, freedom of association in free trade zones, and trade unionists' concerns with recent social security legislation. The team found that the GODR had responded with a willingness to address these and could use its positive relations with unions to do so. End Comment.

HERTELL